

F. INCOME BUDGETING

Purpose: This section contains cash, medical and food assistance rules and procedures for budgeting income including:

- WAC 388-450-0215 How the department estimates income to determine your eligibility and benefits.
- WAC 388-450-0225 How to calculate the benefit amount for the first month of eligibility for cash assistance.
- WAC 388-450-0230 Treatment of income in the month of application for destitute food assistance households.
- WAC 388-450-0245 When are my benefits suspended?

WAC 388-450-0215 How the department estimates income to determine your eligibility and benefits.

The department uses prospective budgeting to determine eligibility and benefits.

- (1) The department determines the amount of benefits an assistance unit can receive each month based on an estimate of your income and circumstances for that month. This is known as prospective budgeting.
- (2) We base this estimate on what can be reasonably expected based on your current, past and future circumstances.
- (3) We determine if our estimate is reasonable by looking at documents, statements, and other verification.
- (4) There are two methods of estimating a client's income:
 - (a) Anticipating Monthly Income: We estimate the actual amount of income you expect to receive in the month; and
 - (b) Averaging Income: We estimate your income based on adding the total income you expect to receive for a period of time and dividing by the number of months in the time period.
- (5) We must use the Anticipating Monthly method in the following circumstances:

- (a) If you are a destitute migrant or destitute seasonal farmworker as defined in WAC 388-406-0021;
 - (b) If you are receiving SSI, Social Security, or SSI-related medical benefits.
 - (c) If you have income allocated to someone receiving SSI-related medical benefits under WAC 388-450-0150; or
 - (d) If you have already received income in the month that you apply for benefits.
- (6) When using the Anticipating Monthly Method, we estimate the actual amount of income you expect to receive in the month. Your benefits will vary based on the income that is expected for that month.
- (7) When using the Averaging Method, the expected changes in your income are taken into consideration so your benefits do not change as much:
- (a) Clients that receive their income weekly or every other week will have their income converted to a monthly amount. If you are paid:
 - (i) Weekly, we multiply your expected pay by 4.3; or
 - (ii) Every other week, we multiply your expected pay by 2.15.
 - (b) Clients that receive their income other than weekly or every other week will have their monthly income estimated by:
 - (i) Adding the total amount of income expected to be received for the period of time; and
 - (ii) Dividing by the number of months in the period of time.
- (8) We will not make you repay an overpayment or increase your benefits if your actual income is different than your estimated income unless:
- (a) The information you provided was incomplete or false; or
 - (b) We made an error in calculating your benefits.

CLARIFYING INFORMATION

The following topics are related to the above WAC and are discussed below:

- **Best Estimate**
- **Calculation Methods for Budgeting Income**
- **When AM Must Be Used to Budget Income**
- **Client Choice**
- **Special Circumstances for Budgeting Income and Expenses**
- **Budgeting Income for Medical Programs**
- **Budgeting Deductions**
- **Effect of Incorrect Estimates**
- **Determining the Effective Date When a Client's Income Causes Them To Be Ineligible**

WORKER RESPONSIBILITIES**Best Estimate**

1. **Steps to arrive at the best estimate of the client's income**
 - a. During the interview process, identify all sources of earned and unearned income that are;
 - (1) Owned by client; and
 - (2) Available to the client.
 - b. Subtract any income that is excluded or disregarded; and
 - c. Budget the income remaining using the appropriate calculation method.

Example

Client who is a seasonal farm worker is in the office for a food assistance/TANF re-certification. The client is not currently working and has no other income. In the past several years, he has always

worked this season and had an average monthly income of \$900.00. The client states that he intends to work as soon as the farms start hiring. Since you don't have a source of income identified, you would **not** budget any income. When the client starts working, it is a change he must report.

See **INTERVIEW REQUIREMENTS** for information on interviews.
 See **INCOME - Treatment of Income** and **INCOME - Special Income Types** to find out if a specific type of income is excluded or disregarded.
 See WAC 388-450-0005 to decide if income is owned by and available to the client.

2. How to determine the best estimate of a client's income:

The **best estimate** of a client's income is the income you can reasonably expect a client to receive. What you can expect may vary depending upon length of employment, consistency of hours, wages, and anticipated changes. Consider the following information:

a. How the client is paid:	<ul style="list-style-type: none"> • Salary or an hourly wage? <ul style="list-style-type: none"> □ If salary, what is the client's salary? □ If hourly, what is the hourly wage and how many hours does the client work each pay period? • By the piece? <ul style="list-style-type: none"> □ If piecework, how much is the client paid for each piece and how many pieces do they normally complete each pay period? • Does the client receive tips or commissions?
b. How often the client is paid:	<ul style="list-style-type: none"> • What are the client's pay periods? • What are the client's pay dates? • Is the client paid on the same day of the week? • Is the client paid on specific days of each month?
c. What income represents the amount the client is likely to receive:	<ul style="list-style-type: none"> • Can you anticipate the client's future income based on expected hours and the pay rate? • If you can't anticipate, look at past income: <ul style="list-style-type: none"> □ Do the last 3 months represent what the client should get? □ Do the last 30 days represent what the client should get?

	<ul style="list-style-type: none"> Do you need to consider special circumstances when looking at past income? <ul style="list-style-type: none"> Is there a partial first check because the client has a new job? Do one of the pay periods include a time the client had leave without pay due to illness or other reasons? Did one pay period include overtime because the client worked extra hours for a sick co-worker? Is the income higher or lower than normal due to seasonal fluctuations?
d. What changes the client expects during the certification period:	<ul style="list-style-type: none"> Are the hours going to go up or down? Are the hours going to go up or down? Is the income ending? Has the client's job just started? Will they receive more paychecks next month than they did this month?
e. What changes recently occurred that would affect the client's income:	<ul style="list-style-type: none"> Loss of job <ul style="list-style-type: none"> When will the client get their last check? Will the client get any money from "cashing out" vacation, sick pay, or retirement benefits? Will the client get any severance pay, unemployment compensation, or retirement benefits? Change from full-time to part-time employment; Change in the number of hours worked; Change in the client's wage or salary; Change from one job to another; Receipt of overtime pay or bonuses; or Other changes that would impact eligibility or benefit level

EXAMPLE

Client ends their job at Burgertown on 6-30-2000 to work at Lotsabooks.com. Burgertown pays weekly on Fridays with a one-week period between the end of a pay period and the payday for that week's work. The job at Lotsabooks starts on 7-5-2000. Pay periods at Lotsabooks are the 1st - 15th and 16th - End of month. The client is paid ten days after the pay period ends (the 10th and 25th). When you estimate the income for July, consider that the client will:

- Receive the last check for Burgertown on July 7.

- Receive the first check for Lotsabooks on July 25th, which will be for a partial pay period.

3. **Items to include in a best estimate:**

- a. The time frame the estimate covers.
 - (1) If the estimate is for part of the certification period, adjust the monthly income for changes you anticipate for the rest of the certification period; or
 - (2) If the estimate is for the whole certification period, adjust the income you budget only if there is a change.
- b. The information we used to establish the estimate.
 - (1) Did you use pay stubs from an earlier period, or an employer statement?
 - (2) If your estimate is based on what the client earned last month, show the income and circumstances for the last 30 days.
- c. Clear and complete **documentation** of the calculation method, the income budgeted, and why this most accurately reflects income the client is expected to receive. This includes the reason you used some pay stubs as a basis for the income, but disregarded others because they didn't reflect what the client is likely to receive. See **DOCUMENTATION** for more instructions on documenting a best estimate

EXAMPLE

Compare the client's documents to see if they support what the client is telling you.

- Did the client tell you they are paid twice a month, but the pay stubs are for two-week periods?
- Does the hourly rate on the documents match what the client is telling you?

Calculation Methods for Budgeting Income

Estimate income using one of the following calculation methods based on the client's circumstances and preference:

1. **Anticipating Monthly (AM):** When you use AM, estimate income by totaling the amount of income you expect the client to receive.
 - a. Certain circumstances require us to use the AM method. Use AM when the client meets the conditions in WAC 388-450-0215 (5) (a) through (d).
 - b. Some circumstances require us to use AM for a certain type of income or a set time period. These circumstances include when a client:
 - (1) Gets SSI, but no one in the AU gets SSI related medical, you must budget the SSI using AM;
 - (2) Gets income in the month of application, you must budget **that source** of income using AM. Budget the exact amount of income received between the date the application is filed and the date you process the application; or
 - (3) Is in an AU with migrant or seasonal farmworkers under WAC 388-406-0021, you must budget all income in the month of application using AM.
 - c. Sometimes the client's circumstances make AM a likely choice to budget the income. Examples of when a client may want to choose AM include when the client:
 - (1) Has stable income such as a regular monthly salary;
 - (2) Is paid daily;
 - (3) Expects several changes at different times within the month (e.g. regular hours for the first youek, no hours for the second youek due to unpaid leave, raise in wages on the third youek); or
 - (4) Expects to get less than a full month's income due to the beginning or

end of a source of income.

NOTE: See “**When AM Must Be Used to Budget Income**” for details and examples of circumstances where you must use AM.

2. **Averaging:** When you use averaging, estimate income by adding the income for a period of time and dividing it by the number of months in the time period. Use the averaging method to calculate income when clients expect their income to change from month to month, but want their benefits to stay the same.

a. **Conversion (CO):** When you average, you **must convert** the income to a monthly amount using the following formula if clients are **paid weekly or every-other week**:

- (1) Total the gross income from all pay periods where the income represents what the client should receive;
- (2) Divide by the number of pay periods used in step (1) above to get the average income for each pay period;
- (3) Calculate the monthly income using the average income for each pay period based on how often the client is paid. If the client is paid:

Weekly, multiply by 4.3; or

Every-other week, multiply by 2.15; and

- (4) Round the result to the nearest penny.

b. **Averaging when CO is not required:** If the client is not paid weekly or every-other week, you can average using either the average (AV) method or the conversion (CO) method in ACES.

- (1) In most cases, income received at any other frequency is averaged by:
 - Totaling the gross income for the period of time you are averaging; and
 - Dividing by the number of months in the period.

- (2) You can use a different method to average income clients receive other than weekly or every-other week. When you use another method, you must:
- Document the case to show how you calculated the benefits. (Include the math);
 - Document why you used a different method; and
 - Budget the income you could reasonably expect the client to receive.

EXAMPLE

Client gets a new job paying \$6.50 /hr. The client will be paid twice monthly. The employer is not willing to commit to the number of hours the client will work each pay period, but the employer states that the client will work 24 hours a week. Since the employer wouldn't tell us the hours each pay period and you do not have a history to use in our estimate, it is reasonable to use the hours each week to determine the average monthly income.

24 hours x 4.3 = 103.2 hours a month.
103.2 hours x \$6.50 = \$670.80 monthly income.

NOTE: This is not the same as averaging income paid weekly or every-other week. This is one example of an acceptable way to average income.

When AM Must Be Used to Budget Income

1. **If a client received income in the month of application**, you must:
 - a. Budget **that source** of income using AM for the month of application.
 - b. Use the **exact amount** of income clients have received by the date you process the application for assistance. Use the best estimate of the client's income for the rest of the month.

Example

Client applied for assistance March 1st. The application was pended for required verification. The client gave only part of the verification, and the worker sent a letter requesting the other items. When the worker received all of the verification, the date was April 10th. In this example, the worker would need to budget the actual amounts received for the entire month of March and April 1st - 10th.

Note: If there is a lag between the date of a client's interview and when you process the application, you should contact the client to see if they received any income between the two dates.

2. **If an AU contains destitute migrants or destitute seasonal farm workers** under WAC 388-406-0021 you must:
 - a. Use AM for the month of application.
 - b. If you do not have to use AM for any other reason, you can use either AM or averaging for remainder of the certification period
3. **AM and SSI-related medical:**
 - a. Use AM to budget all of the client's income if:
 - (1) A client receives SSI-related medical; or
 - (2) The AU has income allocated to someone receiving SSI-related medical. The following program codes in ACES require AM:

C	01, 95, 99
G	03, 95, 99
K	01, 03, 95, 99
L	01, 02, 04, 95, 99
S	01, 02, 03, 04, 05, 07, 95, 99
 - b. You don't have to use AM to budget the income of a client in **the food assistance unit** with someone receiving SSI-related medical if the client doesn't:

- (1) Receive SSI-related medical;
- (2) Have income allocated to someone receiving SSI-related medical; or
- (3) Meet any of the other requirements to use AM under WAC 388-450-0215.

EXAMPLE

Client receives SSI; Spouse has earned income that Social Security allocates to the client. You **must** budget the client's SSI income using AM because the income is SSI. You can budget the spouse's income using either AM or averaging. Do not allocate income to a spouse receiving SSI medical.

4. **When clients get SSI, but no one in the AU gets SSI-related medical** budget SSI and Social Security using AM. If there is no other situation that requires us to use AM, use either method for the other sources of income.

Client Choice

1. If you don't have to use AM, clients can choose the method you use to budget their income for the certification period. The client's choice should be guided by whether:
 - a. They want their benefits to remain consistent through the certification period; or
 - b. They want their benefits to change based on anticipated changes in income.
2. There are times when one method will cause a client to be eligible for benefits, and another method may cause a client to be ineligible. If a client is ineligible using one method, review the case to see if the client would prefer another method.

EXAMPLE

Single-person food assistance AU. Client is paid \$420.00 gross income every-other Friday. Three month certification is July - September 2000.

Anticipating Monthly	July:	\$ 840.00
	August:	\$ 840.00
	September	\$1260.00
Averaging (CO required)	July	\$ 903.00
	August:	\$ 903.00
	September	\$ 903.00

In the example, the client is eligible for two of three months using AM, but totally ineligible using averaging.

3. **Calculation methods cannot be changed during a certification period just to maximize a client's benefits.** Changing calculation methods to give clients more benefits does not result in the best estimate of a client's income for the entire certification period.
 - a. If you are not required to use AM, clients may choose the method used to budget their income at:
 - (1) Application; and
 - (2) Eligibility review or re-certification.
 - b. If you must use AM for the first month of the period and are not required to use AM for the remaining months, clients may choose a different method for the remaining months.
 - c. Change the calculation method during a certification period **only** when clients report a change that was not considered in the original estimate.
4. **When clients are paid weekly and choose AM**

When a client chooses AM, adjust the client's case for changes you anticipate through the certification period. There are two options when a client receives weekly income:

- a. Determine which months the client will receive an extra check and:
- b. Set an alert to for the ongoing month(s) for the change; and
- c. Make the change to the ongoing month to allow timely and adequate notice and affect the client's benefits; or
- d. Average weekly pay using the weekly conversion (CO) to incorporate the extra check(s).

Note: Inform the client how the choice of methods will affect their benefits and let them choose the method.

Note: If you average income using the weekly or every-other week conversion, you are better protected against payment errors because it accounts for extra periodic checks. Since conversion is based on an annual average, it's safe to convert income received weekly or every-other week even if the client will not get an extra check.

Special Circumstances for Budgeting Income and Expenses

1. Self-employment income and expenses

Self-employment income may be earned monthly, seasonally, or annually. When a client earns self-employment income, average the income and expenses over the period the income is intended to cover:

Self employment income:

- a. If a client gets their annual self-employment income over a period of less than a year, average this income over the year;
- b. If a client's income is from self-employment for only part of the year, average the income over the period of time the self-employment income covers; or
- c. If the income averaged over the year or portion of the year doesn't represent what the client will receive due to a significant increase or decrease in business:

- (1) Anticipate the client's self-employment income for each month; and
- (2) Average any capital gains the client will receive over the year.

Self-employment expenses:

Average or anticipate self-employment expenses for the same period you use for the income.

EXAMPLE

If a client is self-employed as a hot dog vendor from June to October to supplement their income from other sources during the rest of the year, average the self-employment income and expenses over the months of June through October instead of the 12-month period.

2. Clients that receive their annual income over a timeframe less than a year under contract

- a. When a client gets their annual income over a period of less than a year as a part of the client's employment contract, average their annual income over a 12-month period unless the client is:
 - (1) A migrant or seasonal farmworker; or
 - (2) Paid on an hourly or piecework basis.
- b. If a client's income that is paid under contract is not the client's annual income, average the income over the period of time the contract income covers unless the client is:
 - (1) A migrant or seasonal farmworker; or
 - (2) Paid on an hourly or piecework basis.
- c. Examples of employees that may receive their income under contract include:
 - (1) School Employees;

- (2) Bus Drivers;
- (3) Farmers; and
- (4) Fishers

3. Budgeting the earned income of a child turning age 18:

- a. Count or exclude the earned income of a child according to WAC 388-450-0070 - A child's earned income. For cash assistance, consider a client to be a child if they meet the requirements of WAC 388-404-0005 - How does a child's age affect their eligibility for TANF, SFA, and GA-H.
- b. Use a child's age on the first day of the month as the child's age for that month.

EXAMPLE

If a child turns eighteen on August 8, consider them as seventeen in August and eighteen in September. For food assistance, you would not budget the child's earnings for August and would budget the income in September.

Note: ACES reads the age of the child as well as their student status and applies this rule.

4. Budgeting child support that fluctuates

You can use either AM or averaging to budget child support you expect a client to receive. Determine the amount to budget based on what you can reasonably expect knowing the client's current support, what they received in the past, and changes that you anticipate.

- a. When you know of a change in child support income, decide if the new amount is something you can expect to continue or if the original estimate was valid.
 - (1) If the support is paid through DCS, you can contact DCS and the

client to determine if:

- (a) There was a change that would impact our estimate for the monthly support (such as a new support order); or
- (b) The change could be explained by some short-term situation. Reasons for the different amount could include when the paying parent:
 - (i) Changes jobs, and there was a lag between the start of the job and the start of the payroll deduction for support;
 - (ii) Was making larger payments for a period of time to pay arrears, and is now caught up; or
 - (iii) Was off work for a period of time and DCS was unable to collect support.

- (2) If the support is not paid through DCS, you can contact the client and request information to help determine why the support changed.

b. After you determine if a change is needed:

- (1) Change the amount budgeted if you expect the new amount to continue; and
- (2) Document the:
 - (a) Information you received;
 - (b) Collateral contacts you made;
 - (c) Amount of child support you budgeted;
 - (d) Reasoning to support the decision.

Note: If you decide the amount budgeted should be changed, see WAC 388-418-0020 to determine the effective date of the change. For clients that receive support through DCS, consider the change as known to the department and don't require additional verification of the amount.

Note: For food assistance, if the entire amount of child support arrears is paid off in a single payment, consider the amount for arrears as a lump sum payment and count it as a resource. Count any amount for current support as unearned income. See **LUMP SUM PAYMENTS** for information on lump sums.

5. **Budgeting additional cash assistance payments for food assistance:**

If you have not issued food assistance benefits for the month and you issue an additional cash assistance payment:

- a. Disregard any portion of the payment that is for a month the client was not included in the food assistance unit;
- b. Disregard any portion of the payment that is for a previous month's benefits; and
- c. Budget the remaining funds for food assistance.

See **NOTICES AND LETTERS** for information on timely and adequate notice.

Budgeting Income for Medical Programs:

1. Budget the income the client received or expects to receive for the month of application.
2. Use the income you can reasonably expect the client to receive for the month(s) you authorize medical care.
3. See WAC 388-418-0020 How the department determines the date a change affects the benefit amount, and WAC 388-418-0025 Effect of Changes on Medical, for changes in income after certification.

Budgeting Deductions

Budget allowable expenses for the month you expect the client to have the expense. See **INCOME - Effect on Eligibility and Benefit Level** to determine if an expense is allowed

as a deduction for cash or food assistance.

1. The DEEM, FSME, and SHEL screens in ACES read expenses as a monthly amount (just like the AM method). You must use AM for rent, mortgage, and utility expenses on the SHEL screen. If you want to average the other expenses, you can calculate an average outside of ACES and enter the result in the expense field;
2. The DCAR screen in ACES automates the calculation for dependent care expenses the same way the EARN and UNER screens do for income. When you average a client's dependent care expense in ACES, convert the expense to a monthly amount using CO as the method only when clients are billed:
 - a. Weekly; or
 - b. Every-other week.

Note: If you choose to average an expense outside of ACES, your documentation must clearly show that you averaged the expense and how you came about the amount you entered for the expense.

Effect of Incorrect Estimates

1. **When clients receive less income than estimated**, do not supplement benefits unless you made an error in calculating the client's benefits.
2. If a TANF/SFA-eligible assistance unit receives less income than you anticipated, see **EMERGENCY ASSISTANCE** to determine if this created an emergent need and if the client may be eligible for AREN.

Determining the Effective Date When a Client's Income Causes Them To Be Ineligible

For information regarding changes that cause ineligibility, see WAC 388-418-0020 How the department determines the date a change affects the benefit amount.

ACES PROCEDURES

Document the:

- a. Income you identified;
- b. Method used to calculate income;
- c. Reason for choosing the method;
- d. Verifications you received; and
- e. How the income you budgeted most accurately reflects the client's expected circumstances.

See **INCOME – Treatment of Income** for ACES procedures on entering earned and unearned income.

WAC 388-450-0225 How the department calculates the benefit amount for the first month of eligibility for cash assistance.

- (1) To determine the client's benefit amount for the first month of eligibility for cash assistance, the department compares the countable income to the payment standard as described in WAC 388-450-0162.
- (2) Even if your countable income exceeds the payment standard, you can still receive additional requirements.
- (3) When your countable income is less than the payment standard, we prorate your grant amount based on the date you are eligible.
- (4) We do not prorate the approved additional requirements.
- (5) We prorate your grant by:
 - (a) Dividing the grant amount by the number of days in the first month of eligibility; and
 - (b) Multiplying the figure in (5)(a) by the number of days from the date of eligibility to the last day of the month.

CLARIFYING INFORMATION

See WAC 388-406-0055 to determine the effective date of eligibility for cash assistance applications.

See WAC 388-450-0162 for the definition of countable income and its effect on eligibility.

WAC 388-450-0230 Treatment of income in the month of application for destitute food assistance households.

- (1) When a migrant or seasonal farm worker is determined destitute under WAC 388-406-0021, eligibility and benefit amount for the month of application is determined by:
 - (a) Counting the household's income that is received from the first of the month through the date of application; and
 - (b) Excluding income from a new source that the household expects to receive during the ten days after the date of application.
- (2) A household member changing jobs but continuing to work for the same employer is considered to be receiving income from the same source.

CLARIFYING INFORMATION

See WAC 388-406-0021 to decide if a client is a migrant or seasonal farmworker and if they are considered as destitute.

WAC 388-450-0245 When are my benefits suspended?

- (1) In the TANF/SFA, RCA, GA and food assistance programs, the word "suspend" means that the department stops your benefits for one month.
- (2) We suspend your benefits for one month when your expected total countable income as defined in WAC 388-450-0162:

- | |
|---|
| <ul style="list-style-type: none">(a) Exceeds the dollar limits for your household size; and(b) Exceeds those limits for only that one month. <p>(3) We end your benefits when your expected countable income exceeds the limit for your household for two or more consecutive months.</p> <p>If your expected income drops below the limits for your household size, you may be eligible if you reapply for benefits.</p> |
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CLARIFYING INFORMATION

Some situations that could lead to a suspension of benefits include when:

1. Use AM for a client paid weekly or every-other week and they receive an extra periodic check.
2. Clients get pay from an additional temporary job;
3. Clients get overtime pay;
4. Clients get one-time income such as a bonus based on individual performance; and
5. Clients get a quarterly payment from an investment.

WORKER RESPONSIBILITIES

Offer the client the choice of averaging income over the certification period.
See WAC 388-450-0215.

ACES PROCEDURES

1. Enter the extra income into the **EXTRA** field of the (EARN) or (UINC) screen. If this income causes the assistance unit to be ineligible, ACES automatically suspends the household for one month as follows:
 - a. The (ELIG) screen shows an [S] in the AU STAT field and the reason code in the AU STATUS REASONS field.

- b. The members of the assistance unit have an [A] in their status fields to show that they are still recipients.
- 2. ACES will automatically delete the suspense month's extra income for the following month.

Note: If extra income causes the AU's total income to exceed the gross or net income limits for two months in a row, ACES will terminate benefits to the AU.